



Food Distribution National Policy Memorandum

United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

DATE: April 10, 2003

POLICY NO. FD-019: State Processing

SUBJECT: Non-Fat Dry Milk in Shelf Stable Milk Products

Effective April 1, 2003, the Department of Agriculture (USDA) has approved a program to accelerate the surplus removal of Bonus Non-Fat Dry Milk (NFDM) (B114) through the State Processing Program. This program is designed to help increase milk consumption, while removing Non-Fat Dry Milk (NFDM) from USDA inventories.

The program involves the concept of allowing an additional draw down of NFDM approved by USDA for the further processing of shelf stable milk products in exchange for a reduced finished product cost to recipients.

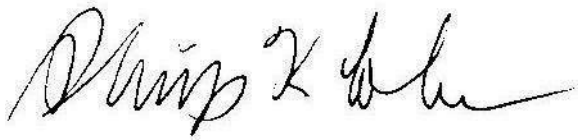
This concept shall be limited to specific products to assess the viability of the concept, and its efficiency at accelerating surplus NFDM removal.

- **Program parameters:**

- The products in this program will be limited to UHT (shelf-stable) flavored milk and milk shakes.
- These products shall provide 8 oz. fluid lowfat milk.
- These products will be fortified to provide extra protein and calcium (a nutritional benefit to students.)
- The additional drawdown is approved for shelf-stable (UHT) flavored milk and milk shakes. The additional drawdown is not approved for any other food categories for school foodservice programs.
- This concept may not be used in responses to fresh milk bids or Requests for Proposal.

- **End Product Data Schedules:**

- Processor shall document to the Distributing Agencies (DAs) the total quantity of NFDM draw down (from milk solids contained in the milk, plus the addition of NFDM, plus the additional authorized USDA drawdown) on the state's End Product Data Schedule (EPDS).
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- The EPDS(s) shall remain confidential, with document access contained to the DA, and the regional and national USDA offices.

A handwritten signature in black ink, appearing to read "Phil Cohen", with a stylized flourish at the end.

PHIL COHEN
Acting Director
Food Distribution Division